

EXPLOITATION 7

Chief, Economic Research

18 July 1954

Assistant Director for Research and Reports

Consideration of Proposed DCID 15/1 at IAC Meeting, 27 July 1954

1. I have advised the Acting Secretary of IAC to place on the IAC Agenda for 27 July consideration of IAC-D-22/3 and its Tab A (which is the draft of the proposed directive). A briefing paper will be needed for the Director in preparation for this IAC Meeting. I would like to have you prepare a draft of such a briefing paper for discussion with me on the morning of 26 July.

2. It should probably begin by suggesting that the Director re-emphasize the substance of the covering memorandum (IAC-D-22/3), particularly in respect to the need for delineating areas of responsibility in the production of foreign economic intelligence, in view of interest in this field by the Bureau of the Budget and by certain members of Congress, and also in view of the much better understanding which presently exists within the intelligence community regarding who does what in respect to economic intelligence research over what was known when NSCID-15 was approved some three years ago.

3. It could be suggested that he then explain that paragraph 1 of the draft under "Policies," with its subparagraphs, is for the most part identical to the statement of policies included in DCID 3/4, Revised.

4. He might then address the attention of the IAC members to paragraph 2 which suggests the allocation of primary production responsibilities. In so doing, it could be pointed out that there are advantages in having these responsibilities defined in a somewhat general manner, in order to retain maximum flexibility and to avoid the rigidity which would result by including extreme detail. He could then pass on to mention of paragraph 3, noting at the same time that there is no change of responsibility indicated in subparagraph a and that subparagraph b merely formalizes activities that are already undertaken and approved by the EIC itself (with the exception of the specific mention of a lower limit of \$5,000.00 for external research projects).

5. One of two actions by the IAC would be desirable:

a. That the IAC members approve the draft directive with such mutually acceptable revision as suggested at the table. This completed action is highly unlikely.

b. That the IAC members approve the draft directive in principle and refer it to the EIC for such re-drafting as is necessary; at the same time providing EIC with instructions along the following lines:

(1) That no major change be made in the broad outline of responsibilities under paragraph 2 of the draft.

(2) That in clarifying these statements of responsibilities, flexibility should be retained by the exclusion of detailed categorization.

6. The briefing paper should probably end up with a concise and very carefully considered explanation of what we mean by general economic intelligence and by military-economic intelligence. If possible, we should also explain, at least for our own edification, why it is not appropriate to have political-economic intelligence treated in this draft as a major area of production responsibility.

7. Please consider the above remarks as merely suggestive in your preparation of a draft.



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OTTO E. GUTHE

OAD/RR/OEGuthe:amm
(18 July 1954)

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